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June 25, 1993

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Office of The Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D. C.

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Billed Party Preference - CC Docket No. 92-77

To The Secretary:

Pursuant to the Commission's ex parte rules, this is to inform you that on June 25, 1993 I met with Jeffrey Hoagg of Commissioner Barrett's staff and, on behalf of One Call Communications, Inc. and Metromedia Communications, Inc., discussed the subject of billed party preference for O+ interLATA calls (CC Docket No. 92-77). The referenced proceeding is "non-restricted" for purposes of ex parte communications. At the meeting, my oral presentation reflected previously filed written comments. Enclosed, pursuant to the Commission's Rules, 47 C.F.R. § 1.1206(a)(1), are two copies of the written presentation handed out at the meeting.

Sincerely,

*Edward B. Myers*

Edward B. Myers,

Enclosures

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**BILLED PARTY PREFERENCE (BPP)**

**A. BPP WILL INCREASE, NOT REDUCE CALLER CONFUSION**

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1. "Double Operator"
  - a. Even Some BPP Supporters See Inevitability of Double Operator Problem
  - b. Link Between AABS and SS7 Will Not Be Established for the Foreseeable Future
2. Inconsistent Implementation of BPP will annoy and confuse consumers
  - a. BPP, contrary to claims of some, cannot be universally deployed for many years.
    - (1) SWBT admits that complete implementation would not occur before 1996.
    - (2) NYNEX concurs that BPP would require a lengthy implementation period
  - b. Equal Access and Non-Equal Access
  - c. Locations Served By Small IXCs
    - (1) Will not be able to afford to implement BPP as quickly as large IXCs
    - (2) Do not have technological capabilities to implement BPP

**B. THE ENORMOUS COSTS OF IMPLEMENTING A NATIONWIDE SYSTEM OF BPP OR ALL O+ INTERLATA CALLS OUTWEIGHS THE PERCEIVED BENEFITS AND IS CLEARLY NOT IN THE PUBLIC'S INTEREST**

1. Contrary to Court And FCC Rulings, BPP Will Undermine Competition In The Operator Services Market

- a. BPP removes commissions for O+ interLATA traffic and thereby removes the incentive to aggregators to install payphones.
- b. Fewer payphones will be detrimental to consumers, especially travellers that make the greatest use of O+ interLATA service.
- c. Without commission-based remuneration for COCOT phones, recovery of the substantial outlay by the owners of those phones will be jeopardized.

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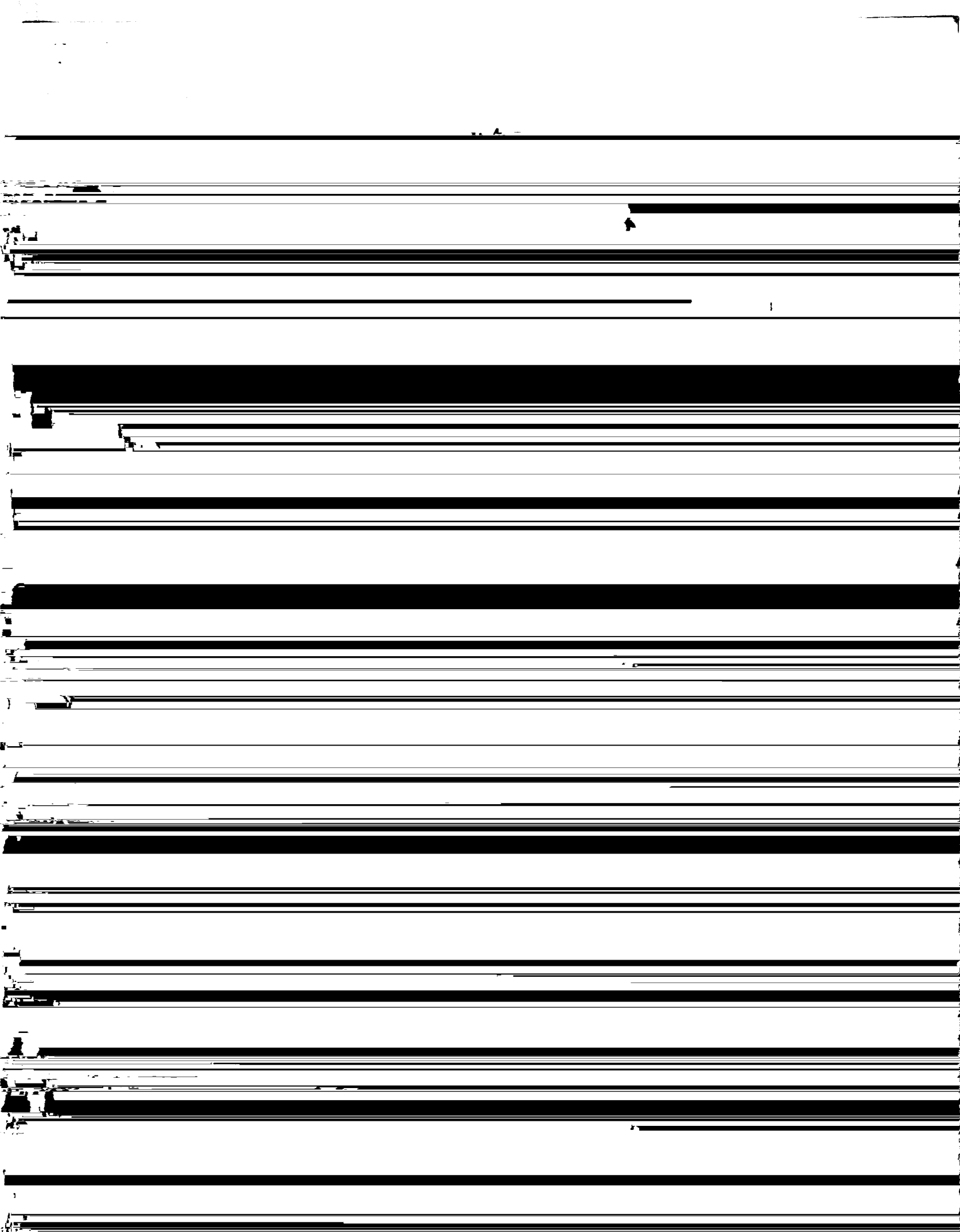
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2. The Costs Of Implementing BPP Outweigh The Resulting Harm To Consumers

- a. The costs of BPP will ultimately be borne by the consumer, either directly or indirectly, in the form of higher rates for O+ calls
- b. While estimates of the cost of implementation of BPP are speculative, the amount likely to be spent is in the hundreds of millions of dollars
- c. SWBT admits there are certain "unknowns." Its vendors' price estimates have increased from \$75 million to \$127 million for BPP. SWBT's original estimate of \$50 million is now the "floor" price of just the signaling requirements for BPP.
- d. NYNEX believes costs of BPP will be high. In the NYNEX operating area, BPP will cost more than \$82.6 million in capital expenses and additional annual expenses of \$13.7 million for additional operations. NYNEX also states that BPP's per-call costs will be high.
- e. The foregoing costs of implementation don't include the

additional significant cost of the anti-competitive impact of BPP.

- f. The primary alleged benefit of BPP is giving consumers the ability to avoid having to use a 10XXX access code. The other alleged benefit is the elimination of the commission-based system and a refocusing of marketing efforts to the end-user.
  - g. Weighed against these alleged benefits, the costs are enormous, particularly since (i) consumers largely are already accustomed to using 10XXX, 950, or 800 access methods, and (ii) the supposed benefits from refocusing marketing efforts are speculative at best.
3. BPP Will Restrict Competition In More Than Just The Operator Services Market And Lead To Less Choices For The Consumer
- a. BPP will give some BOCs a bottleneck over IXC traffic and the independent payphone industry will be competitively disadvantaged. According to NYNEX, small, specialized OSPs that provide service at aggregator locations would likely lose a large portion of their business as O+ traffic is directed to major IXCs.
  - b. BPP will restrict, if not destroy, competition from small interexchange carriers
  - c. At considerable expense, small LECs will be forced to implement LIDB interconnection and SS7 to provide O+ access from payphones if BPP is mandated by the FCC. On the other hand, AT&T's calling card services using CIID will not incur the cost of LIDB and will be given a competitive advantage.
  - d. Alternative billing methods may not be possible under a BPP plan



Cause Premises Owners To Switch To Private  
Payphones, And Thereby Reduce Its Revenues

2. The Commission Should Not Interpose Itself To  
Protect Market Share Of Former Monopolists